

Message Text

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ORIGIN AGR-08

INFO OCT-01 EA-07 ISO-00 EB-07 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 AS-01 (ISO) R

66615

DRAFTED BY FAS/FMD/COT/GRATHELL/BB

APPROVED BY EB/ORF/ICD/FTD: CANGEVINE

AGRIC:ERBEVIS

FMD/COT:DWILLIAMS - AGRIC

AJWILLIAMS -EB/ORF/ICD/FTD - STATE

CEP/ETD:KSTEPHENS - AGRIC

OAA/FMD:JMINYARD - AGRIC

AA: ERANSOM - AGRIC

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R 190042Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652:N/A

TAGS: EAGR, RP

SUBJECT: COTTON CONTRACT PROBLEM

FOR AGRICULTURAL ATTACHE

REF: (A) MANILA 14701 (B) MANILA 15395

1. STARKE TAYLOR PROVIDED FOLLOWING ACCOUNT OF DISPUTE WITH
SOLID MILLS. OCT. 28, 1974 HE SOLD 3,000 BALES AT 32 CENTS FAS
WITH EQUAL SHIPMENTS TO BE MADE JAN/FEB/MAR 1975. IN JAN.
AND FEB. TAYLOR ADVISED BY HIS AGENT THAT MILL UNABLE
SECURE DBP APPROVAL OF CCC CREDIT FOR FULL AMOUNT OF SALE.
AS EARLY AS FEB. 13, 1975 TAYLOR, THROUGH HIS AGENT, ADVISED
MILL FURTHER DELAYS WOULD REQUIRE ADDITION OF CARRYING CHARGES
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TO FACE AMOUNT OF CONTRACT. BY MID-MARCH NECESSARY DBP APPROVAL

SECURED. NEVERTHELESS, IN APR. TAYLOR ADVISED BY AGENT THAT SOLID COULD PROMISE NO DEFINITE DATE FOR OPENING L/C. AFTER AGAIN INDICATING MAY 15 THAT HE EXPECTED L/C TO INCLUDE CARRYING CHARGES AT 50 POINTS, TAYLOR OFFERED IN JUNE TO ARRANGE ONE YEAR USUANCE FUNDS AS ALTERNATIVE TO FREE DOLLAR FINANCING (CCC FINANCING LIMITED TO OLDER SALES BY MAY 5, 1975 ASSURANCES). RECOGNIZING ASSURANCES BARRED PURCHASE (PRIOR TO ANNEX SALES) OF COTTON MORE THAN SIX MONTHS OVERDUE, BUT RESPONDING TO TAYLOR'S INDICATION OF AUG. 14, 1975 THAT IT INTENDED CANCEL SALE, SOLID PROPOSED OPEN L/C THROUGH AFFILIATED MILL HAVING NO ANNEX SALES--ARRANGEMENT ACCEPTABLE TO TAYLOR PROVIDED CARRYING CHARGES INCLUDED IN L/C. THAT PROVISIO CLEARLY STATED TO MILL IN PRINCIPLE ON AUG. 14 AND IN SPECIFIC TERMS (I.E. CARRYING CHARGES AT 44 POINTS) ON AUG. 22. IT WAS ON OCT. 2, 1975, MORE THAN NINE MONTHS AFTER CONTRACTED SHIPPING DATE AND AFTER STATING ON THREE OCCASIONS (AUG. 28, SEPT. 11, AND SEPT. 17, 1975) THAT AN L/C WITH NO CARRYING CHARGES WOULD BE UNACCEPTABLE, THAT TAYLOR, UPON RECEIVING SUCH L/C, CANCELED SALE. DETAILS BEING AIR POUCHED.

2. WASHINGTON AGENCIES ARE DISCUSSING STARK-TAYLOR POSITION AND ITS IMPLICATIONS FOR U.S. EFFORT OBTAIN PERFORMANCE ON OVERDUE COTTON CONTRACTS WITH ACEA AND WILL REPORT THESE DISCUSSIONS SEPTTEL.
INGERSOLL

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